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FISCAL IMPACT REPORT

SPONSOR Campos **ORIGINAL DATE** 2/24/19
LAST UPDATED 3/01/19 **HB** _____

SHORT TITLE Needs Assessments & Higher Ed Institutions **SB** 595/aSEC

ANALYST Valenzuela

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY19	FY20		
	\$3,950.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Independent Community Colleges (NMICC)

New Mexico Higher Education Department (HED)

SUMMARY

Synopsis of SEC Amendment

The Senate Education Committee amendment to Senate Bill 595 provides clarifying language that the appropriation would be for space utilization methods for improving student outcomes, rather than facility assessments.

New Mexico colleges and universities have invested substantially in managing its facilities, including oversight through the Higher Education Department (HED). In addition, the Boards of Regents at each of the institutions control decision making on facilities and capital improvements, and would not be required to participate in or use a state-funded facility assessment.

However, the use of space optimization modelling software to align student progress with college course schedules, ensuring access to courses when required, is an important factor for on-time graduation. In the past, students in New Mexico colleges and universities have accrued higher-than-required course credits, partly from inconsistent advisement and lack of course availability or space. The six-year graduation rate, which lag regional peers, for each institution is shown in the attachment, and can be found on pages 100 – 103 of Volume 1, FY20 LFC Appropriation Recommendation.

Synopsis of Original Bill

Senate Bill 595 appropriates \$3.95 million from the general fund to the Higher Education Department (HED) for the purpose of obtaining an analysis of institutional facility needs for all public colleges and universities in New Mexico. The appropriation contained in the bill may be expended from FY20 to FY22, with \$150 thousand used in FY20 for planning the scope for the analysis.

FISCAL IMPLICATIONS

HED tabulated total square footage statewide for higher education institutions of 20.8 million square feet. Based on the appropriation, the cost for the assessment would be 19 cents per square foot, which according to facilities managers at colleges and universities is double the industry standard for the assessment.

The appropriation of \$3.95 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY22 shall revert to the general fund.

SIGNIFICANT ISSUES

A statewide facilities assessment of colleges and universities was completed more than a decade ago, with mixed results for its applicability and usefulness according to the facilities managers at colleges and universities. According to these professionals, facility assessments have value when the modelling is continually updated with year-to-year capital improvement data. If not, the information becomes outdated quickly and less useful.

Considerable effort and resources are expended each year in New Mexico on facilities assessments and capital planning at higher education institutions. Each of the institutions has several staff devoted to facilities maintenance, whose leadership generally report to the executive team and the board of regents. Capital improvements at colleges and universities must be approved by HED and by the state Board of Finance (BOF). House Bill 251 would streamline the process for capital improvements approval, by eliminating the need to seek approval from the BOF.

In addition, HED's Capital Outlay Bureau holds annual capital outlay summer hearings, where each of the institutions provides updated data about current facilities and requests new capital funding from statewide general obligation bonds or through severance tax bonds. From this process, HED and LFC generate considerable data regarding the institutions facilities, including many of the deliverables identified in SB595. The process is similar to the Public Schools Facilities Authority assessment process for public school facilities statewide.

Several colleges and universities have recently begun or completed facilities assessments. NMSU and UNM have completed facilities assessments within the last few recent years. NMSU Carlsbad and the New Mexico Junior College report having just undertaken the process.

PERFORMANCE IMPLICATIONS

SB595 does not contain performance measures.

Student outcomes at New Mexico public colleges and universities lag regional peers. In New Mexico, enrollment, student retention, and graduation rates are below the national averages. As the business model evolves in higher education, facilities and space utilization are important pieces of the formula to improve student success. Nontraditional student populations are increasing at a faster rate than traditional student populations. The need to evolve facilities in a manner best suited to reach and meet the needs of the changing student population will require a more comprehensive use of existing and proposed facilities.

MFV/al/sb

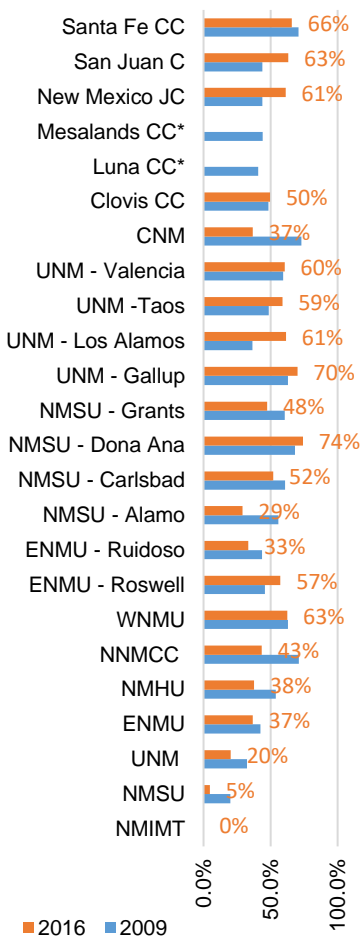
ACTION PLAN

Submitted by agency?	No
Timeline assigned?	No
Responsibility assigned?	No

Remediation Rates

College remediation rates quantify the number of students who take remedial courses prior to starting a prescribed degree program. In New Mexico, 39 percent of college freshmen take at least one remedial course and these students are less likely to graduate, or graduate on-time than their better prepared peers.

Remediation Data: FY09 to FY16



* no data for FY16
Source: NMHED

New Mexico Higher Education Institutions

Postsecondary graduation rates in New Mexico have improved year-over-year, particularly at the four-year research universities, which comprise the largest volumes of students. Colleges and universities lag national benchmarks although, and the Governor's Route-to-66 goal for adult postsecondary attainment is not likely to motivate higher education institutions to exceed those benchmarks. Though 78 percent of New Mexico's public, nonspecial, and nontribal colleges and universities exceeded their own institutional performance targets for students graduating within three (for associate's degrees and certificates) or six years (for bachelor's degrees), target levels for graduation rates are set too low and lag far behind the average graduation rates of peer institutions.

From a performance perspective, 71.4 percent of four-year institutions improved year-over-year performance, where at two-year institutions, 60 percent of institutions improved year-over-year results. Low performance targets may point to annual improvements, however, compared to peers, New Mexico is not gaining ground.

The four-year research institutions and the two-year independent colleges have shown stronger performance on graduation rates. College remediation appears to be a challenging factor at the two-year colleges and at four-year comprehensive universities, which experience higher levels of students in need of remediation, as shown in the college remediation data (sidebar).

Open admissions policies result in higher remediation rates, which impact these sectors more than the research universities. The opportunity for colleges and universities to stretch their target levels could - particularly driven by a more robust statewide attainment goal - ensure improvements in credentials, transfers and graduation rates.

Six-Year University Completion Rates

Completion rates for first-time, full-time degree-seeking students	Fall 2010 to Summer 2016 Actual	Fall 2011 to Summer 2017 Actual	Fall 2012 to Summer 2018 Target	Fall 2012 to Summer 2018 Actual*	Rating
NM Tech	49.4%	47.8%	49%	55.5%	G
NM State Univ	44.7%	45.9%	48%	50.4%	G
Univ of NM	43.9%	48.6%	48%	49.9%	G
*preliminary, unaudited				Program Rating	G

Completion rates for first-time, full-time degree-seeking students	Fall 2010 to Summer 2016 Actual	Fall 2011 to Summer 2017 Actual	Fall 2012 to Summer 2018 Target	Fall 2012 to Summer 2018 Actual*	Rating
Eastern NM Univ	32.8%	32.7%	34%	31.4%	R
NM Highlands Univ	22.2%	22.2%	22%	23.8%	Y
Northern NM College	19.4%	22%	25%	25%	G
Western NM Univ	23.8%	26.6%	26%	25.7%	Y
*preliminary, unaudited				Program Rating	Y

Comparison to Peers

The tables below compare New Mexico Higher Education Institutions to peers nationally for the 2016 academic year. The national peer data is taken from the College Scorecard, which presents the most current data available. **Blue shows where NM HEIs exceed peers.**

Six-year Completion Rates

	Peer	FY16 Actual
NM Tech	44%	49%
NM State Univ	54%	45%
Univ of NM	72%	44%
Eastern NM Univ	41%	33%
NM Highlands Univ	48%	22%
Northern NM College	32%	19%
Western NM Univ	44%	24%

Three-year Completion Rates

	Peer	FY16 Actual
ENMU Roswell	20%	12%
ENMU Ruidoso	20%	19%
NMSU Alamogordo	20%	9%
NMSU Carlsbad	20%	13%
NMSU Dona Ana	20%	13%
NMSU Grants	20%	19%
UNM Gallup	20%	9%
UNM Los Alamos	20%	8%
UNM Taos	20%	10%
UNM Valencia	20%	13%
CNM	18%	17%
Clovis CC	25%	36%
Luna CC	25%	18%
Mesalands CC	32%	51%
NM Junior College	25%	43%
San Juan College	23%	17%
Santa Fe CC	23%	18%

Source: U.S. Dept. of Education's College Scorecard, AY16

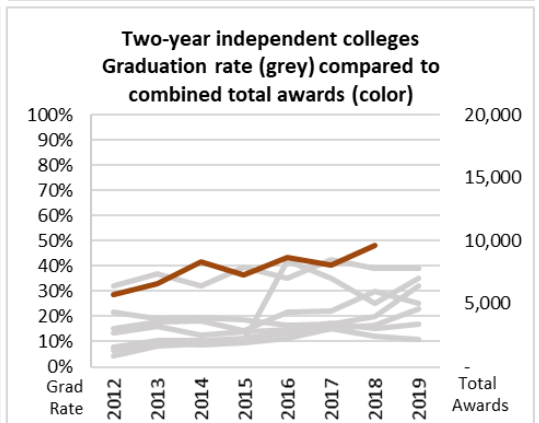
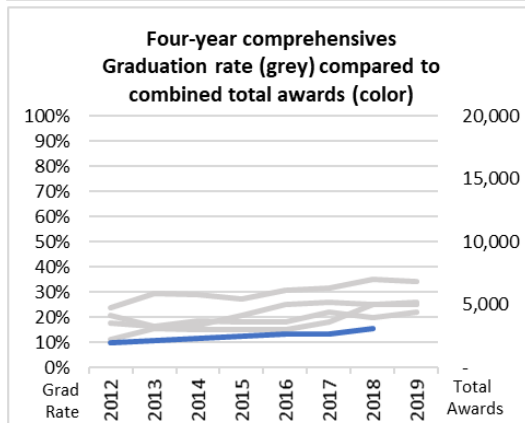
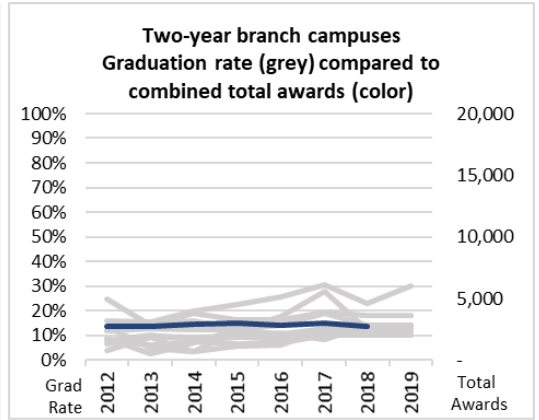
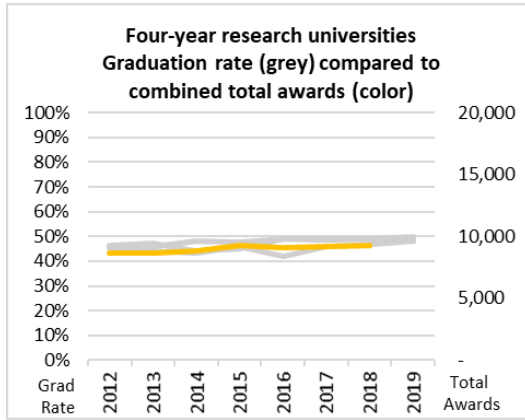
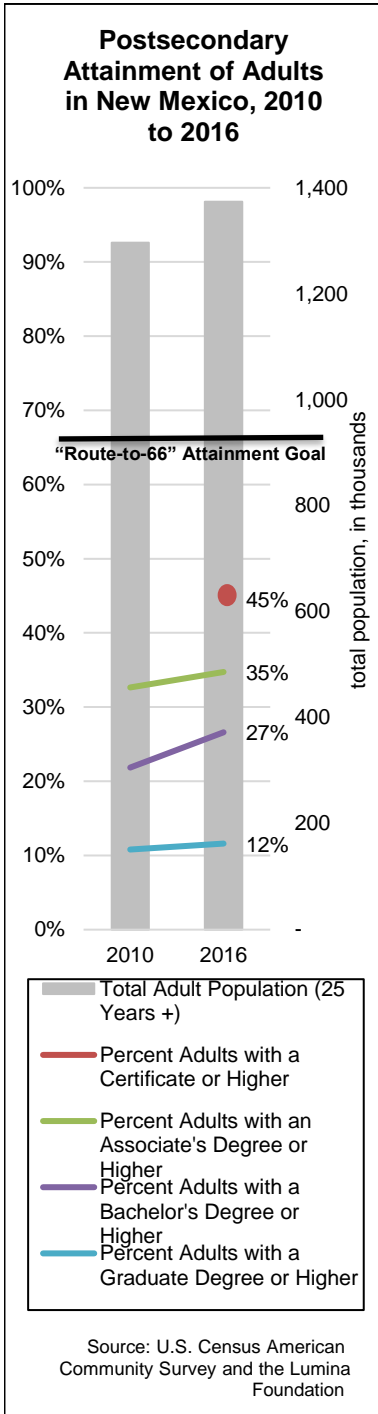
Community College Three-Year Completion Rates

Completion rates for first-time, full-time degree-seeking students	Fall 2013 to Summer 2016 Actual	Fall 2014 to Summer 2017 Actual	Fall 2015 to Summer 2018 Target	Fall 2015 to Summer 2018 Actual*	Rating
ENMU Roswell	11.6%	13%	25%	24.3%	Y
ENMU Ruidoso	19.3%	26%	18%	24%	Y
NMSU Alamogordo	9%	12%	14%	14%	Y
NMSU Carlsbad	13%	13%	13%	11.5%	R
NMSU Dona Ana	13%	15%	14%	10%	R
NMSU Grants	19%	23%	14%	24%	Y
UNM Gallup	9.2%	12.4%	12%	16%	G
UNM Los Alamos	8%	8.9%	10%	16.6%	G
UNM Valencia	12.7%	12%	13%	22%	G
UNM Taos	10%	13%	10%	12.9%	R
*preliminary, unaudited					Program Rating Y

Completion rates for first-time, full-time degree-seeking students	Fall 2013 to Summer 2016 Actual	Fall 2014 to Summer 2017 Actual	Fall 2015 to Summer 2018 Target	Fall 2015 to Summer 2018 Actual*	Rating
CNM	16.5%	23.8%	23%	27.3%	G
Clovis CC	35.5%	46.9%	35%	54.5%	G
Luna CC	18.1%	27.2%	32%	15.6%	R
Mesalands CC	51%	48%	39%	43%	Y
NM Junior College	43.3%	32.6%	30%	37.9%	Y
San Juan College	17.3%	24.1%	17%	23.1%	Y
Santa Fe CC	18%	23%	11%	22%	R
*preliminary, unaudited					Program Rating Y

Graduation Rate Peer Comparison

Comparing to college and university Carnegie peers, in FY18, only 12.5 percent of New Mexico higher education institutions exceeded their peer group average for graduation rate. Graduation rate may not fully describe the success of students pursuing a postsecondary education in New Mexico, particularly at two-year institutions whose focus may be more strongly tied to community workforce needs and where industry certifications are more valued by employers than an associate's degree. The population tracked in the graduation rate does not include transfer students or part-time students, which leaves substantial gaps in the data. Nonetheless, graduation rate is a standard measure for institutions nationwide.



Accountability in Government Act (AGA) Measures Relation to the New Mexico's Postsecondary Educational Attainment Goal

Of the two AGA outcome performance measures reported in the General Appropriations Act, the graduation rate, in theory, should align with performance funding, as measured by the higher education funding formula. As award levels rise, graduation rates should rise. Assuming this alignment, the percentage of New Mexico's adult population with postsecondary credentials should rise. As represented by the charts above, which plot the combined total awards (color line) by higher education sector against the graduation rates (grey lines) of the sector's institutions, the data are not conclusive to support the theory of alignment between AGA performance measures and funding formula incentives.

The Lumina Foundation reports 44.6 percent of the New Mexico adult population has earned a certificate, associate's, or bachelor's degree/higher credential. As New Mexico draws closer to its Route-to-66 goal, performance targets must increase for graduation rates to improve past national benchmarks and surpass the Route-to-66 goal.

UNM Health Sciences Center

The UNM Health Sciences Center (HSC) reports several measures beyond those required in the Accountability and Government Act, many of which relate to clinical operations.

Clinic Visits

Clinic visits are an indicator of the number of patients that seek care at a facility. UNM Hospitals achieved an average three percent increase over the past four years with 5.8 percent between fiscal years 2017 and 2018.

Discharge Rate

If fewer patients are discharged, it means more patients require longer lengths of stay. UNM Hospital is currently at capacity for discharges, 93 percent for the past two years. UNM HSC reports that patient acuity levels have increased, resulting in longer stays per patient, and increasing cost per patient.

Poison Control

This measure has been consistent over time, improving from 81 percent in FY16 and FY17 to 82 percent in FY18. Caller satisfaction surveys made on home-managed cases show that if the poison center were not available, more than two-thirds of callers would go to the emergency room, call 911, or call a doctor. Each of these options is more expensive and provide less immediate advice than calling the poison center. UNM HSC reports treating patients safely at home has financial benefits of almost \$20 million in healthcare savings for the state each year.

Readmission Rate

Readmission rates have long been a trusted measure of effective and responsible care, but only since the Affordable Care Act of 2010 established the readmission reduction program did become a primary assessment driver in healthcare. The Centers for Medicare and Medicaid Services (CMS) and other healthcare insurers use specific targets as a mechanism to adjust payment. Reduction of readmissions is a key component to improve access.

Measure	June- Aug 2017	Sept.- Nov. 2017	Dec.- Feb 2018	Mar.- May 2018	Target	Rating
Total Number of University of New Mexico Hospital Clinic Visits	135,423	140,993	141,987	153,513	139,021	G
Total Number of University of New Mexico Hospital Discharges	6,290	6,341	6,457	6,435	6,354	G
Percent of human poisoning exposures treated safely at home after Poison and Drug Information Center contacted by a caller in a non-healthcare setting	85.5	86	82	79.5	81	G
University of New Mexico Hospital Inpatient Readmission Rate	4.8	5.1	4.8	4.5	4.9	G
Program Rating						G